

МИНИСТЕРСТВО СЕЛЬСКОГО ХОЗЯЙСТВА  
И ПРОДОВОЛЬСТВИЯ РЕСПУБЛИКИ БЕЛАРУСЬ

ГЛАВНОЕ УПРАВЛЕНИЕ ОБРАЗОВАНИЯ,  
НАУКИ И КАДРОВОЙ ПОЛИТИКИ

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# **АНГЛИЙСКИЙ ЯЗЫК**

## **MARKET ECONOMY AND MARKETING**

*Сборник текстов и упражнений  
для студентов экономического профиля*

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Приведены задания и упражнения по развитию разговорной речи на английском языке на основе текстов по маркетингу.

Для студентов экономического профиля.

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## ВВЕДЕНИЕ

Данный сборник предназначен для студентов экономического факультета. Его цель – научить студентов читать и обсуждать оригинальную литературу по специальности.

Сборник состоит из 7 уроков, в центре каждого из них – оригинальный текст. Тексты снабжены словарем и упражнениями. Упражнения каждого урока (Unit) состоят из 3-х частей:

- 1) comprehension check (проверка понимания прочитанного);
- 2) lexical-grammar exercises (лексико-грамматические упражнения);
- 3) discussion (дискуссия).

Контроль понимания прочитанного осуществляется с помощью ответов на вопросы, определения правильности или ложности утверждений, выбора правильного варианта окончания предложения, завершения предложений. Предлагаемые лексико-грамматические упражнения помогут студентам глубже овладеть темой и сформировать тематический словарь. Это упражнения на заполнение пропусков, подбор определений к словам, на группировку слов по различным признакам (синонимы, антонимы), нахождение в тексте английских эквивалентов русских слов и наоборот, перевод с русского языка на английский, самостоятельное составление предложений и др. Упражнения для дискуссии предполагают высказывание личной точки зрения, а также парную и групповую работу. В методических разработках представлены также письменные задания.

Сборник может быть использован как для аудиторной, так и для самостоятельной работы.

## UNIT 1

### Vocabulary

mixed economy – смешанная экономика  
command economy – командная экономика  
facet – аспект  
custom – обычай  
unswervingly – непоколебимо  
to adopt – усваивать, перенимать  
to adapt – приспосабливаться, применяться  
to keep up with – держаться наравне с кем-либо, не отставать  
pattern – система, образец  
to face – стоять перед (необходимостью)  
demand – требование  
hierarchy – иерархия  
to enforce – проводить в жизнь  
incentive – стимул  
reward – 1) награда; 2) вознаграждение  
to generate – производить, получать  
either – 1) один из двух, тот или другой; 2) и тот, и другой, оба  
rather – вернее, скорее, правильное  
brand – сорт, качество; марка

### Market, Command, and Mixed Economies

In the earliest societies, custom ruled every facet of behavior. *What, how, and for whom* were decided by traditions passed on from elders to youths. In ancient Egypt, a son unswervingly adopted the trade of his father. In a modern economy, however, custom cannot adapt quickly enough to keep up with the rapidly evolving production and consumption patterns. Different societies face the demands for change through *alternative economic systems*, and economics studies the different mechanisms that a society can use to allocate its scarce resources.

Today, societies are generally organized in one of two fashions. In some cases, government makes most economic decisions, with those on top of the hierarchy giving economic commands to those further down the ladder. In other cases, decisions are made in markets, where individuals or enterprises voluntarily agree to trade inputs and outputs, usually through payments of

money. Let's examine each of these two forms of economic organization briefly.

A command economy is one in which the government makes all decisions about production and distribution. In a command economy, such as has operated in the Soviet Union during most of this century, the government owns a considerable fraction of the means of production (land and capital); it also owns and directs the operations of enterprises in most industries; it is the employer of most workers and tells them how to do their jobs; and the government in a command economy decides how the output of the society is to be divided among different goods and services. In short, in a command economy, the government answers the major economic questions through its ownership of resources and its power to enforce decisions.

In the United States and most democratic countries, by contrast, most economic questions are solved by the market. Hence their economic systems are called market economics. A market economy is one in which individuals and private companies make the major decisions about production and consumption. A system of prices, of markets, of profits and losses, of incentives and rewards determines *what*, *how*, and *for whom*. Firms produce the commodities that yield the highest profits (the *what*) by the techniques of production that are least costly (the *how*). Consumption is determined by individuals' decisions about how to spend the wages and property incomes generated by their labor and property ownership (the *for whom*).

No contemporary society falls completely into either of these polar categories. Rather, all societies are mixed economies, with elements of market and command. There has never been a 100 percent market economy (although nineteenth-century England came close). Today most decisions in the United States are made in the marketplace. But the government plays an important role in modifying the functioning of the market; government sets laws and rules that regulate economic life, produces educational and police services, and regulates pollution and business. And the Soviet Union and the countries of Eastern Europe, unhappy with the performance of their command economies, are searching for their own particular brands of the mixed economy.

## Comprehension check

**Ex. 1. Multiple choice. Choose the answer (A, B, C or D) which you think fits best according to the text.**

1. In a command economy ...
  - A. decisions are made in markets.
  - B. a system of prices determines what, how and for whom.
  - C. the government owns the means of production (land and capital).
  - D. there are no markets.
2. A market economy is one ...
  - A. in which the government makes all decisions about production and distribution.
  - B. the government decides how the output of the society is to be divided among different goods and services.
  - C. which has operated in the Soviet Union during most of this century.
  - D. in which individuals and private firms make the major decisions about production and consumption.
3. Mixed economies rely primarily on the price system for their economic organization but use ...
  - A. educational and police services.
  - B. government interventions (such as taxes, spending, and regulation) to handle market failures.
  - C. the experience of the countries of Eastern Europe.
  - D. traditions of ancient Egypt.
4. All societies are ...
  - A. market economies.
  - B. based on tradition.
  - C. mixed economies.
  - D. rapidly evolving.

**Ex. 2. Answer the following questions.**

- I. How were the main economic questions – what, how, and for whom – decided in the earliest societies?
- II. Why cannot custom be used in a modern economy?
- III. How are societies organized today?
- IV. What is a command economy?
- V. What are the Functions of the government in a command economy, such as has operated in the Soviet Union during the 20<sup>th</sup> century?
- VI. How are most economic questions solved in the United States?
- VII. What is a market economy?

VIII. What can you say about mixed economies?

IX. What is the role of the United States' government in market modifying?

### Lexical-grammar exercises

**Ex. 1. Match the words listed below with the dictionary definitions which follow: *society; contemporary; to adopt; to search; mixed; property; to adapt; output.***

1. choose to follow (a course of action, etc).
2. of diverse qualities or elements.
3. something owned; a possession, especially a house, land, etc.
4. living or occurring at the same time; following modern ideas; of the present time.
5. a social community.
6. make suitable for a new use, need, situation.
7. examine, look carefully at, through, or into (in order to find a person or thing).
8. quantity of goods, etc. produced.

**Ex. 2. Put questions to these answers.**

I. Economics studies different mechanisms that a society can use to allocate its scarce resources (What ...).

II. In the earliest societies (Where ...).

III. In the Soviet Union (Where ...).

IV. In a command economy, the government answer the major economic questions (Who ...).

V. In the United States (Where ...).

VI. A market economy is one in which individuals and private firms make the major decisions about production and consumption. (What ...).

VII. Mixed economies contain elements of market and command economies (What ...).

**Ex. 3. Match the pairs of synonyms among the following words.**

to trade

strength, force

job

goods

power

to exchange

commodities

work

to own

legislation

law

to possess

**Ex. 4. Match the pairs of antonyms among the following words.**

happy

outputs

|          |          |
|----------|----------|
| inputs   | lowest   |
| employer | cheap    |
| highest  | youths   |
| costly   | employee |
| elders   | unhappy  |

**Ex. 5. Match the following English phrases with their Russian equivalents.**

- |  |  |
|--|--|
| 1) to adopt the trade                        | a) система цен                         |
| 2) scarce resources                          | b) функционирование командных экономик |
| 3) economic decisions                        | c) устанавливать законы и правила      |
| 4) inputs and outputs                        | d) прибыли и убытки                    |
| 5) means of production                       | e) имущественные доходы                |
| 6) private firms                             | f) средства производства               |
| 7) profits and losses                        | g) затраты и выпуск (продукции)        |
| 8) property incomes                          | h) частные фирмы                       |
| 9) to set laws and rules                     | i) экономические решения               |
| 10) the performance of the command economies | j) перенимать ремесло                  |
| 11) a system of prices                       | k) скудные ресурсы                     |

**Ex. 6. Put the word in brackets in the correct form.**

According to a Greek legend, the Olympic Games were started by Hercules, son of Zeus, in honour of his father. The first Olympic Games about which we have (*inform*) were held in 776 BC on the plain of Olympia. Games had taken place before this date but had consisted (*main*) of chariot races. The ancient Greeks thought the Games were so (*importance*) that they measured time by the interval between them. A period of four years was referred to as Olympiad. The Games also represented the Greek ideal of physical (*fit*) and beauty, which they considered as important as the (*develop*) of the mind. Nothing, not even war, was allowed to interfere with the Games. They were held (*continue*) every four years for more than 1,000 years until their (*abolish*) by the Romans in AD 394. At the end of the nineteenth century, a Frenchman called Baron de Coubertin suggested (*establish*) the tradition. Following his suggestion fifteen nations met at an (*nation*) congress in 1894. Two years later, the first modern Olympic Games were held in Athens. In 2004, the Olympics returned to Greece, when Athens played host to the (*great*) sports event in the world.



## Discussion

I. Compare the command and market economies. What are the advantages of the market economy over the command economy?

II. Why does the author of the text call the economic system of the United States a) market economy; b) mixed economy?

III. Situation. Suppose you are to speak about market, command and mixed economies at the meeting of the students' scientific society. Prepare a report containing approximately 200 words. Let other students ask you questions on the topic.

## UNIT 2

### Vocabulary

market stalls – рыночные ларьки, палатки

Board of Trade – торговая палата

Stock Exchange – фондовая биржа

title to ownership – документ, дающий право собственности

to go about – иметь обыкновение делать что-либо

stock – акция

bond – облигация

financial assets – финансовые средства

to set prices – устанавливать цены

to interact – взаимодействовать, влиять друг на друга

voluntary – добровольный

to allocate – распределять

gasoline – (*амер.*) бензин

to ration out – нормировать

to overstock – делать слишком большой запас, затоваривать (рынок)

in a rush – в спешке

to unload – избавляться (от чего-либо невыгодного)

equilibrium – равновесие

shift – изменение, перемещение, сдвиг

occupation – занятие, род занятий, профессия

turmoil – беспорядок

household – семья, домохозяйство

glut – избыток, перепроизводство

a glut in the market – затоваривание рынка

deficiency – нехватка, дефицит

to yield – производить, давать

## The Market Mechanism

How does a market function? Exactly how does the market mechanism go about determining prices, wages, and outputs? Originally, a market was a place where goods were bought and sold. Economic histories of the Middle Ages record that market stalls – filled with slabs of butter, pyramids of cheese, wet fish, and heaps of vegetables – formed the commercial centers of villages and towns. Today, important markets include the Chicago Board of Trade, where oil, wheat, and other commodities are traded, and the New York Stock Exchange, where titles to ownership of the largest American firms are bought and sold.

More generally, markets are a mechanism by which buyers and sellers meet to exchange things. The market may be centralized (as for stocks, bonds, and wheat), or decentralized (as for houses or used cars), or may even be an electronic market (as occurs for many financial assets and services). The crucial characteristic of a market is that it brings buyers and sellers together to set prices and quantities.

A market is a mechanism by which buyers and sellers of a commodity interact to determine its price and quantity. In a market system, everything has a price, which is the value of the good in terms of money. Prices represent the terms on which people and firms voluntarily exchange different commodities. When I agree to buy a used Honda from a dealer for \$3,150, this indicates that the Honda is worth more than \$3,150 to me and that the \$3,150 is worth more than the Honda to the dealer. I cannot find a better value for my money than the Honda and the dealer cannot find anyone who will pay more than I will. The used-car market has determined the price of used Hondas and, through voluntary trading, has allocated cars to the people for whom they have the highest value.

In addition, prices serve as *signals* to producers and consumers. If consumers want more of any good – say, gasoline to drive their cars – the demand for gasoline will rise. As oil companies find that their inventories of gasoline are reduced, they raise the price of gasoline to ration out the limited supply. And the higher price will encourage greater oil production.

On the other hand, what if a commodity such as cars becomes overstocked at the going market price? Sellers will lower car prices in their rush to unload unwanted models. At the lower price, more consumers will want cars, and producers will want to make fewer cars. As a result, a balance, or equilibrium, between buyers and sellers will be restored.

What is true of the markets for consumer goods is also true of markets for factors of production, such as labor. If computer programmers rather

than typists are needed, job opportunities will be more favorable in the computing field. The price of computer programmers (their hourly wage) will tend to rise, and that of typists will tend to fall. The shift in relative wages will cause a shift of workers into the growing occupation.

Prices coordinate the decisions of producers and consumers in a market. Higher prices tend to reduce consumer purchases and encourage production. Lower prices encourage consumption and discourage production. Prices are the balance wheel in the market mechanism.

*Market Equilibrium.* At every moment, innumerable factors affect economic activity. Some people are buying while others are selling; firms are inventing new products while governments are passing laws to regulate pollution; foreigners are invading our markets while American firms are moving their plants abroad. Yet in the midst of all this turmoil, markets are constantly solving the *what, how, and for whom*. As they balance all the forces operating on the economy, markets are finding an equilibrium of supply and demand.

What is a market equilibrium? It represents a *balance among all the different buyers and sellers*. Households and firms all want to buy or sell certain quantities depending upon the price. The market finds the equilibrium price that just balances the desires of buyers and sellers. Too high a price would mean a glut of goods with too much output; too low a price would produce long lines in stores and a deficiency of goods. Those prices for which buyers desire to buy exactly the quantity that sellers desire to sell yield an equilibrium of supply and demand.

### Comprehension check

**Ex. 1. Say whether the following statements are true or false.**

1. Originally, a market was a place where goods were bought and sold.
2. Markets may be centralized, decentralized or electronic.
3. In a market system, not every commodity has a price.
4. The price is the value of the good in terms of money.
5. When the author agrees to buy a used Honda from a dealer for \$3,150, this indicates that the Honda isn't worth buying.
6. If consumers want more of any good, the demand for this good will fall.
7. The lower price will encourage greater production.
8. Higher prices tend to reduce consumer purchases and encourage production.
9. The market equilibrium represents a balance among all the different buyers and sellers.

**Ex. 2. Answer the following questions.**

1. What do economic histories of the Middle Ages record?
2. What are the most important American markets today?
3. Give a more general definition of markets.
4. What is the crucial characteristic of a market?
5. Describe the importance of prices in a market system. Why does the author say that “Prices are the balance wheel in the market mechanism”?
6. What is a market equilibrium?

**Lexical-grammar exercises**

**Ex. 1. Vocabulary**

1. In the first paragraph, which words have these meanings: a) place of great activity, b) get in return for money, get by paying a price, c) buy and sell.
2. In paragraph II which word means the opposite of: a) centralized, b) buyers, c) unimportant.
3. In paragraph IV explain these words: a) voluntarily, b) to determine (the price), c) commodities.
4. In paragraph V which word means the opposite of: a) to fall, to decrease, b) less, c) unlimited, d) discourage.
5. In paragraph VII explain the meanings of: a) job opportunities, b) shift, c) occupation.
6. Look again at the last two paragraphs of the text entitled “Market Equilibrium”. How do you understand the definition of a market equilibrium? Explain it in your own words.

**Ex. 2. Fill in the gaps with the following prepositions and translate the word combinations: *of, to, for, at, through*.**

1. the demand ... gasoline
2. ... the lower price
3. the commercial centers ... villages and towns
4. prices serve as signals ... producers and consumers
5. markets ... factors ... production
6. an equilibrium ... supply and demand
7. to allocate cars ... the people ... voluntary trading

**Ex. 3. Join the halves of the sentences.**

1. Markets are a mechanism by which a) the demand for gasoline will rise
2. Prices represent the terms b) sellers will lower car prices

- |   |   |
|---|---|
| 3. The used-car market  | c) on which people and firms voluntarily exchange different commodities |
| 4. If consumers want more of any good – say, gasoline to drive their cars | d) buyers and sellers meet to exchange things                           |
| 5. If a commodity such as cars becomes overstocked                        | e) has determined the price of used Hondas at the going market price    |
| 6. The price of computer programmers will tend to rise                    | f) represents a balance among all the different buyers and sellers      |
| 7. A market equilibrium   | g) if computer programmers rather than typists are needed               |

**Ex. 4. Put the words in order to make up a correct sentence. The Russian translation is given to help you.**

1. buyers and sellers / is / a market / by / a mechanism / which / interact / its / to determine / price and quantity / a commodity / of (Рынок – это механизм, с помощью которого покупатели и продавцы товара взаимодействуют, чтобы определить его цену и количество.)

2. difficult / is / kind / to / find / you / it / want / the / work / of / really / to / do (Трудно найти тот вид работы, которую вы действительно хотите делать.)

3. Oil / will / higher / the / production / greater / price / encourage (Более высокая цена будет способствовать большему производству нефти.)

4. Prices / encourage / lower / discourage / production / and / consumption (Более низкие цены поощряют потребление и разлаживают производство.)

5. Turmoil / this / are / in / the / of / markets / constantly / yet / all / the / how / what / for whom / and / midst / solving (Однако среди всего этого беспорядка рынки постоянно решают: что, как и для кого.)

**Ex. 5. Fill in the gaps with the following words: *consumption; production; market equilibrium; supply and demand; to exchange; a price; trading; commodities; overstocked.***

1. What is true of the markets for consumer goods is also true of markets for factors of ... .
2. Market is a mechanism by which buyers and sellers meet ... things.
3. In a market system, everything has ... .
4. The used-car market, through voluntary ... , has allocated cars to the people for whom they have the highest value.

5. ... represents a balance among all the different buyers and sellers.
6. Markets are finding an equilibrium of ... .
7. It may happen that a commodity such as cars becomes ... .
8. Greater ... leads to higher prices and greater production.
9. The Chicago Board of Trade is an important market, where oil, wheat and other ... are traded.

**Ex. 6. Find the word that is closest in meaning to the italicized word.**

1. *comprehend*  
a) describe    b) understand    c) make use of    d) prepare
2. *occur*  
a) render    b) fall    c) take place    d) reach
3. *believe*  
a) notice    b) mean    c) suppose    d) reach
4. *demand*  
a) discover    b) believe    c) require    d) improve
5. *high*  
a) lofty    b) significant    c) scale    d) low
6. *potential*  
a) favourite    b) possibility    c) refusal    d) desire
7. *maximum*  
a) least    b) expensive    c) cheap    d) greatest
8. *establish*  
a) receive    b) delay    c) set up    d) attract
9. *current*  
a) healthy    b) modern    c) well-known    d) necessary
10. *purchase*  
a) send    b) buy    c) hide    d) borrow
11. *encourage*  
a) shout angrily    b) stop    c) give hope    d) try something new
12. *available*  
a) boring    b) modern    c) easy to get    d) not able to see well
13. *pursue*  
a) cross    b) follow    c) suggest    d) create
14. *incorporate* (verb)  
a) combine    b) happen    c) separate    d) calm

## Discussion and Summary

Read this summary and discuss the following questions:

1. How do you understand the market mechanism?
2. What role does the price system play in the market economy?

### How Markets Solve the Basic Economic Problems

In an economy like the United States, most economic decisions are made in markets, which serve as mechanisms by which buyers and sellers meet to trade and determine prices and quantities for commodities. And while markets are far from perfect, they have proved remarkably effective at solving the problems of *how*, *what*, and *for whom*.

The market mechanism works as follows to determine the *what* and the *how*. The dollar votes of people affect prices of goods; these prices serve as guides for the amounts of the different goods to be produced. When people demand more of a good, businesses can profit by expanding production of that good. Under perfect competition, a business must find the cheapest method of production, efficiently using labor, land, and other factors; otherwise, it will incur losses and be eliminated from the market.

**Write an article in English to a scientific journal about the market mechanism. Your article should contain approximately 200 words. Use the following economic terms:**

|                            |                                   |
|----------------------------|-----------------------------------|
| commodities                | producers and consumers           |
| to trade                   | the demand for                    |
| to set prices              | a glut of goods                   |
| markets for consumer goods | a deficiency of goods overstocked |
|                            | market equilibrium.               |

## UNIT 3

### Vocabulary

|           |   |
|-----------|---|
| concept   | – понятие, концепция                              |
| marketing | – маркетинг, система реализации (сбыта); торговля |
| wagon     | – тележка, повозка                                |
| to revise | – пересматривать, изменять                        |
| view      | – взгляд, мнение, точка зрения                    |
| exchange  | – обмен   |

to the detriment – в ущерб  
to gain a competitive advantage – добиваться преимущества над конкурентами  
production – производство  
manufacturer – промышленник, предприниматель; производитель  
to outstrip – опережать, превосходить  
seller's market – рынок продавца  
era – эра, эпоха  
sale – продажа, сбыт  
salespeople – продавцы  
buyer's market – рынок покупателя, рынок с избытком товаров, конъюнктура рынка, выгодная для покупателей  
challenge – проблема, вызов  
business – дело, бизнес; компания, фирма, предприятие  
to strive – стараться, стремиться  
competition – конкуренция, соревнование  
technological advances – технический прогресс  
deregulation – дерегулирование, сокращение объема вмешательства государства в экономику  
banking – банковское дело  
trucking – железнодорожная сеть  
sophisticated – утонченный, сложный  
emphasis – особое внимание

### **Evolution of the Marketing Concept**

Before the Industrial Revolution, a typical example of marketing was a farmer loading a wagon with produce to sell in town on market day. Thus, marketing emphasized the physical distribution function of getting goods to customers. Since then, economic and social changes have required organizations to revise their view of marketing in order to stimulate successful exchanges. Organizations that have prospered throughout the years have been quick to make these changes. However, not all organizations have adopted the same view of marketing at the same time, and some organizations – to their detriment – have been slow to change at all.

*Production Era.* In the first part of this century, organizations found more and more ways to automate. European and North American companies typically focused on ways to improve the production of goods,



because this was how they were able to gain or keep a competitive advantage. The classic example of this production era is Ford Motor Company, whose efficient strategy for mass-producing the Model T enabled more consumers than ever to own an automobile. Manufacturers concentrated on producing goods, believing that products would practically sell themselves. Often, production-era businesses searched for customers after having manufactured their goods. Today, such a production orientation seems not only outdated but impossible; the costs of manufacturing are just too high to justify making something without ensuring there will be enough buyers. During the production era, however, producers operated in a seller's market – one where demand for products outstrips the supply.

*Sales Era.* Thanks to the many production improvements businesses had made, they became able to produce more goods than their regular customers wanted to buy. Businesses began operating in a buyer's market – the one in which the supply of products exceeds the demand for them. This marketing challenge was intensified by the limitations on spending caused by the Great Depression and World War II. Many businesses responded to the challenge by hiring salespeople and looking for ways to persuade consumers and organizational buyers to purchase more of their products. The period in which this approach to marketing was common is known as the sales era, and it prevailed until the 1950s.

*Marketing Era.* As markets continued to grow, many businesses became less satisfied with the principle of selling more and more. They needed a basis for focusing their efforts, and they needed more successful strategies for attracting and keeping customers. This led businesses to enter the marketing era, a period during which more and more companies formed marketing (rather than simply sales) departments, sought to identify customer needs and desires, and adopted the marketing concept.

The marketing concept states that an organization should seek to meet its customers' needs as it strives to achieve its own goals. To identify and meet customer needs, businesses and other organizations have relied on marketing departments staffed with experts in marketing research, sales, advertising, distribution, and other functions. The process of researching needs and then planning a way to meet them can be time-consuming, but it helps ensure that organizations use their resources wisely. At organizations that have adopted the marketing concept, marketing becomes the company's link to the customer.

*Quality-Driven Marketing.* In the decades that have passed since the beginning of the marketing era, competition has intensified. Technological

advances have enabled organizations to serve much larger geographical areas, so that U.S. companies now share the U.S. market with many foreign firms. Government deregulation has increased the level of competition in a number of industries, including banking, trucking, telecommunications, and air travel. In addition, the explosion of information sources has made today's buyers more sophisticated and more demanding. As a result, more and more organizations are finding it necessary to move beyond the marketing era to an emphasis on quality and customer value.

Often the move beyond the marketing concept includes some version of total quality management (TQM). This quality approach, which became popular during the 1980s, broadens the traditional marketing concept to involve all members of the organization in striving to improve quality in order to satisfy customers.

### **Comprehension check**

**Ex. 1. Multiple Choice. Choose the answer (A, B, C or D) which you think fits best according to the text.**

- 1) During the production era, producers ... .
  - A. enabled more consumers than ever to own an automobile.
  - B. operated in a seller's market – the one where demand for products outstrips the supply.
  - C. operated in a buyer's market.
  - D. didn't search for customers.
- 2) The sales era is called so, because ... .
  - A. production came to a halt.
  - B. businesses produced more goods than their customers wanted to buy and they began operating in a buyer's market.
  - C. many businesses couldn't hire salespeople.
  - D. there were limitations on spending caused by the Great Depression and World War II.
- 3) The marketing era is a period ... .
  - A. beginning in the first part of the 20<sup>th</sup> century.
  - B. when markets didn't continue to grow.
  - C. which prevailed until the 1950s.
  - D. during which more and more companies formed marketing departments and adopted the marketing concept.

4) Nowadays, more and more organizations are finding it necessary to move beyond the marketing era to an emphasis on quality, because ... .

- A. competition has intensified since the beginning of the marketing era.
- B. the level of competition has only increased in some industries.
- C. buyers are not demanding.
- D. marketing became unpopular in the 1980s.

**Ex. 2. Mark the following statements as True or False.**

1. The evolution of the marketing concept includes four main stages: the production era, the sales era, the marketing era and the quality-driven marketing.

2. The production era began in the first part of the 20<sup>th</sup> century.

3. European and North American companies increased the production of goods, because they had no competitors.

4. Production-era businesses searched for customers before having manufactured their goods.

5. During the sales era, businesses began operating in a seller's market.

6. After World War II, many businesses hired salespeople and tried to persuade consumers to purchase more of their products.

7. During the marketing era, markets continued to grow.

8. According to the marketing concept, an organization must achieve its own goals and only then it should seek to meet its customers' needs.

9. Businesses have created marketing departments staffed with experts in marketing research, sales, advertising, distribution, and other functions.

10. Businesses are striving to improve quality in order to satisfy scientists.

**Ex. 3. Answer the following questions.**

1. What did marketing emphasize before the Industrial Revolution?

2. Why did European and North American companies focus on ways to improve the production of goods in the first part of the 20<sup>th</sup> century?

3. What did manufacturers believe during the production era?

4. Give a classic example of this production era.

5. In what market did the producers operate during the production era?

6. In what market did businesses operate during the sales era?

7. What is the marketing era? The marketing concept?

8. When did the quality approach to marketing become popular?

9. What is the importance of competition in the move beyond the marketing concept?

## Lexical-grammar exercises

**Ex. 1. Find in the text the English equivalents of the following words and word-combinations.**

1) Маркетинг, 2) обмен, 3) улучшать производство товаров, 4) автомобиль, 5) сосредоточиваться на чём-нибудь, 6) достаточно покупателей, 7) рынок продавца, 8) рынок покупателя, 8) спрос превышает предложение, 10) компания, фирма, предприятие, 11) благодаря, 12) эпоха производства, 13) эпоха продажи, 14) эпоха маркетинга, 15) более успешная стратегия, 16) принимать концепцию маркетинга, 17) конкуренция.

**Ex. 2. Match the words listed below with the dictionary definitions, which follow: *consumer; seller's market; challenge; production; buyer's market; to sell; marketing concept; advertising; quality.***

1. A market in which the demand outstrips the supply of products.
2. A market in which the supply of products exceeds the demand for them.
3. View that an organization should seek to meet its customers' needs as it strives to achieve its own goals.
4. The art of persuasion people to buy your product or service.
5. Give in exchange for money.
6. High standard of; goodness or worth.
7. Person who uses (manufactured) goods.
8. a) The process of being produced;  
b) the process of being manufactured, especially in large quantities.
9. A demanding or difficult task.

**Ex. 3. Use the word in the brackets in the correct form.**

1. The classic example of the (*produce*) era is Ford Motor Company.
2. Today, such a production orientation seems both outdated and (*possible*).
3. The sales era (*prevail*) until the 1950s.
4. Marketing departments have many different functions: (*advertise*), (*distribute*) and others.
5. (*Technology*) advances have enabled organizations to serve much larger (*geography*) areas.
6. The (*explode*) of information sources has made today's buyers more demanding.
7. The quality approach broadens the traditional (*market*) concept.

**Ex. 4. As you see, this text is rich in ing-forms. In a sentence ing-form may be:**

1) the verbal noun: *The period in which this approach to marketing was common is known as the sales era.* (The verbal noun has a nominal character; it may be used with an article or an adjective. The verbal noun cannot take a direct object; it takes a prepositional object with the preposition *of*).

2) the gerund: *Many businesses responded to the challenge by hiring salespeople and looking for ways to persuade customers and organizational buyers to purchase more of their products.* (The gerund has a double character – nominal and verbal; it takes a direct object; it may be modified by an adverb). In this sentence the gerund performs the function of an adverbial modifier.

3) Participle I: *Before the Industrial Revolution, a typical example of marketing was a farmer loading a wagon with produce to sell in town on market day.*

**Use the correct preposition.**

1. I'm looking forward (to / for / at) seeing you on Sunday.
2. Please forgive me (of / for / from) interrupting you.
3. I got used (to / at / for) living in such a hot country.
4. Jenny was very excited (with / about / of) going to the party.
5. At dinner she annoyed me (with / by / at) asking different questions.
6. He complained (of / about / on) having too much trouble with his request.
7. I have always been interested (about / in / on) learning about different cultures.
8. Was he accused (in / on / of) shoplifting?
9. The students congratulated their teacher (with / on / of) receiving an award.
10. Were you surprised (with / at / of) hearing this funny announcement?
11. She had adjusted nicely (with / to / at) living in the house and found it pleasant.
12. The question reminded him (about / of / on) visiting Canada several years ago.

**Ex. 5. Make sentences of your own with the following:**

- |                            |                            |
|----------------------------|----------------------------|
| (on) market day            | marketing department       |
| the costs of manufacturing | time consuming process     |
| production improvements    | to share the market (with) |
| successful strategies      | to improve quality         |

## Discussion

1. Why is marketing considered to be the evolution of the exchange process?

2. Characterize each era. Explain in what the production era differs from the sales era and the marketing era.

3. Work in groups of four. Each member of a group characterizes one of the four eras described in the text. So each group will present a picture of the evolution of the marketing concept. After each student has finished, ask him questions on the topic he has just spoken about.

## UNIT 4

### Vocabulary

market – рынок

commodity market – товарный рынок

auction market – аукцион

economy – экономика, хозяйство; экономия, бережливость

market economy – рыночная экономика

mixed economy – смешанная экономика

economics – экономика, народное хозяйство; экономическая наука

macroeconomics – макроэкономика

microeconomics – микроэкономика

to make decisions – принимать решения

regardless – невзирая на

goods – товар, товары

to allocate – размещать

input – ввод, затраты

output – выпуск, продукция

intricate – сложный

essential – существенный

to communicate – общаться

facilities – средства обслуживания, оборудование

specific – определенный, точный, конкретный

demand and supply – предложение и спрос

scarce – редкий, дефицитный

curve – кривая

This article commands a good price. – За этот товар можно взять хорошую цену.

consumer – потребитель  
commodity – товар  
grocery store – бакалейно-гастрономический магазин  
grocer – торговец бакалейными товарами  
packer – упаковщик; (*амер.*) заготовитель  
retailer – розничный торговец  
to cast a vote – подавать голос (на выборах)  
stock rancher – хозяин животноводческого ранчо  
supplier – поставщик  
respond – реагировать  
feedlots – откормочные площадки для скота  
competitive – конкурентоспособный; конкурирующий, конкурент-  
ный  
competitor – конкурент  
in response to – в ответ на  
earnings – заработок; доход; прибыль  
profitability – прибыльность  
income – доход; прибыль  
at its lowest cost – по наименьшей цене  
wages and salaries – заработная плата рабочих и служащих  
rent – арендная плата, рента  
free enterprise – свободное предпринимательство

### **Markets and the Market Economy**

In any economic system, regardless of the type of political or social structure, there are four basic decisions that must be made. The system must somehow determine (1) what goods and services are to be produced and in what quantities, (2) how to allocate available resources (the inputs of land, labor, capital, and management) to obtain the largest output or national product, (3) what production methods should be used, and (4) how national output should be divided among the population. In most capitalist countries these decisions are made through an intricate system of market prices that are reflected through the marketing system from consumers to producers. Before going into detail on how this is accomplished, a definition of a market is essential.

A *market* consists of buyers and sellers with facilities to communicate with each other. It need not be a specific place, although some people refer to markets in this sense, such as commodity markets and auction markets.

Markets may be local, regional, national, or international. The only requirement is that the forces of demand and supply, via communication between buyers and sellers, determine market price.

In a market economy, every scarce commodity commands a price, and that price is determined by the product's demand and supply curves. For example, examine the consequences of an increase in the demand for beef in America. When consumers go to their grocery stores and purchase more beef, they indicate to the grocer that they prefer that product over other goods their money could have bought. These dollar "votes" are cast when consumers purchase the available beef. The grocers must then purchase more beef from the packers. The packers need more beef to supply retailers' increased needs, so they buy more from the feedlots, and the feedlots need more animals, so stock ranchers increase the size of their breeding herd, and so on. A large number of other suppliers also detect and respond to changes in the demand for their products or services. As consumers purchase more meat, the demand curve for meat shifts, which increases the price of meat at the retail level. This higher price is noticed by meat packers as their orders increase. Consequently, packers demand more slaughter cattle and offer higher prices. This signal is passed back through the market to feedlots, feed-grain producers, and cow-calf operators. In a competitive system, producers increase output in response to higher prices because they can improve their earnings by doing so. It is the profit motive that makes the market system work. It is easy to see how our economy answers the question of what and how much is produced – it is determined by profitability. Firms will produce those goods from which they can make a profit. They will not produce a commodity if their information indicates they will lose money producing that good.

A competitive market system allocates resources to produce a good at its lowest cost. A producer who does not do so will find earnings declining, even to the point of being forced out of business by competitors. When people sell the services of their labor or other resources, they receive compensation in the form of wages or salaries, rent, interest, or income in general. With this income, they purchase goods and services. In a free-enterprise system the allocation of resources to production determines the distribution of income, which in turn determines how much of the total output each member of society will receive. This system is very complex, but it does work well and without the planning that occurs in such command economies as the former Soviet Union and China.



## Comprehension check

**Ex. 1. According to the text, are the following statements true or false?**

1. A market consists of buyers and sellers.
2. Markets may be local, regional, national, or international.
3. Any economic system, regardless of the type of political or social structure, must solve three basic questions.
4. In a market economy, the forces of demand and supply determine the market price.
5. In a competitive system, producers increase output because they can't make a profit.
6. Other suppliers don't respond to changes in the demand for their products or services.
7. In a market economy, profitability determines what goods and services are to be produced and in what quantities.
8. A producer may even be forced out of business by competitors.
9. In a free-enterprise system, the distribution of income is very complex.

**Ex. 2. Answer the following questions.**

1. What four basic decisions must be made in any economic system?
2. How are these decisions made in most capitalist countries?
3. Give a definition of a market.
4. What types of markets do you know?
5. What factors determine market price of a commodity?
6. Examine the consequences of an increase in the demand for beef in America.
7. In a competitive system, when do producers increase output?
8. How does the market economy answer the four main questions of any economic system?

## Lexical-grammar exercises

**Ex. 1. Give the English equivalents of the following words and word combinations:** 1) рыночная экономика, 2) экономическая система, 3) определять, 4) товары и услуги, 5) количество, 6) имеющиеся ресурсы, 7) затраты, 8) выпуск, 9) рыночные цены, 10) потребитель, 11) методы производства, 12) местные рынки, 13) предложение и спрос, 14) увеличение спроса на говядину, 15) удовлетворить

возросшие нужды различных торговцев, 16) реагировать на изменения в спросе, 17) прибыльность, 18) конкурент, 19) система свободного предпринимательства, 20) доход, прибыль.

**Ex. 2. Match the pairs of synonyms among the following words.**

- |                |                |
|----------------|----------------|
| 1) to purchase | a) buyer       |
| 2) goods       | b) amount      |
| 3) profit      | c) rise        |
| 4) increase    | d) to buy      |
| 5) quantity    | e) commodities |
| 6) consumer    | f) income      |

**Ex. 3. Match the pairs of antonyms among the following words.**

- |                |               |
|----------------|---------------|
| 1) to increase | a) wholesale  |
| 2) buyer       | b) to buy     |
| 3) to sell     | c) seller     |
| 4) input       | d) to decline |
| 5) intricate   | e) loss       |
| 6) profit      | f) output     |
| 7) retail      | g) simple     |

**Ex. 4. There are a lot of nouns with the suffix -er in this text.** It is a productive noun-forming suffix: *consumer, producer, buyer, seller, packer, stock rancher, supplier, operator, retailer*. As you see, they denote mainly professions and the doers of an action. Translate these derivative nouns (производные существительные) and write from which words they are formed. For example: supplier – to supply.

**Ex. 5. Translate the sentences given below. Pay attention to the words in italics.**

1. Chesterham is a small *market* town with a population of 2000.
2. Access to new foreign *markets* was assured.
3. This device *was* first *marketed* by a Japanese firm.
4. They have never had to operate in a *market* economy.
5. It's a *seller's market* at the moment.
6. A talking watch will shortly *be on the market*.
7. Many labour-saving devices have come *onto the market*.
8. You'll never get a picture as good as this one *on the open market*.
9. Exxon might well *be in the market* to buy up a competitor too.
10. They *took* the mineral water *off the market* while tests were being made.

**Ex. 6. Marketing can be defined as an art of buying and selling. Let's have a look at the following group of words. Do you know each of them? Into what two groups can they be subdivided?**

purchase, sell, splash out on, buy up, pick up, sell off, buy in bulk, flog, snap up, stock up, be a sell out, buy in, buy wholesale, sell up, be selling like hot cakes, outsell, bestseller

**And now use them in the sentences below.**

1. It's best to ... when house prices are high.
2. The bakery usually ... its cakes ... at half price just before closing time.
3. Why don't we ... and move to Canada? Property is really cheap there.
4. Don't let him try and ... you his car – he's had endless trouble with it.
5. By the end of the 1980s portable computer systems were ... larger systems by 30 %.
6. The new book, which reveals intimate details about Princess Diana's private life is ... in New York.
7. Jane Fonda's new diet book is sure to be a ... in America.
8. Madonna's European tour ... a total ... .
9. Foreign investors are not permitted to ... land.
10. If I were you, I'd ... that dress before someone sees it.
11. That picture? Oh, I ... it ... on the market last week.
12. We ... a bottle of champagne to celebrate her promotion.
13. The supermarkets are full of people ... for the New Year's holiday.
14. We always ... . It is so much more economical.
15. Mark ... the earrings ... and then ... them in the market.
16. People had to ... candles during the electricity strike.
17. In the last five years development agencies have ... almost all the land in the area.

**Ex. 7. Translate these sentences into Russian paying attention to the modal verbs "should, must, to be to, to have to".**

1. You must always be ready for a chance that may never come.
2. I must have crossed the river, but I couldn't see it. I never see it.
3. And now I must go back to my social duties.
4. "Have you seen him?" Martini asked. "No, he was to have met me here the next morning"
5. White-collar workers are to meet on May 8 to formulate their reply to the company on the following day.
6. If I had to make the choice again, I should have done the same.

7. “Good God, surely I don’t have to explain why I want a walk.”
8. He said that it was not a temporary problem. Lasting arrangement should be made.
9. Why shouldn’t children be allowed to plan their own television programs?

### **Discussion**

1. What is meant by the word “market”?
2. How do you understand the word combination “the market economy”?
3. How does the market economy help solve four basic problems of any economic system? Give your examples.
4. Retell the text according to the following plan:
  - a) Four basic decisions that must be made in any economic system.
  - b) A definition of a market.
  - c) How a market responds to changes in the demand for products or services.
  - d) How much of the total output each member of society will receive.

## **UNIT 5**

### **Vocabulary**

- perfect competition – совершенная (немонополистическая) конкуренция
- germinal – генерирующий идеи
- recognition – признание
- to pursue his or her personal good – преследовать свою собственную пользу
- realistic – реалистичный; практичный
- injurious – вредный
- outcome – результат
- orderly – организованный
- insight – интуиция, понимание
- scope – масштаб
- limitations – ограниченность; недостатки
- to let smb down – подвести, разочаровать
- failure – неудача

appreciable – заметный, ощутимый  
externalities – внешние факторы  
the checks and balances (of perfect competition) – препятствия и  
противовесы  
to be about – быть занятым чем-либо  
virtue – достоинство  
minuscule – крошечный  
techniques – технология  
production-possibility frontier (PPF) – граница производственных  
возможностей  
to set in – устанавливаться  
sky-high – очень высоко  
costs of production – издержки производства  
inadequate – недостаточный  
pervasive – проникающий повсюду  
inequitable – несправедливый  
laissez-faire – (*фр.*) невмешательство, свободная конкуренция  
flaw – недостаток  
to displace – вытеснять, занимать чье-либо место  
proceeds – выручка, доход  
power – власть, полномочие, право  
fiscal – фискальный, финансовый  
monetary – денежный, валютный

### **The Invisible Hand and "Perfect Competition"**

Adam Smith, whose *The Wealth of Nations* (1776) is the germinal book of modern economics, was thrilled by his recognition of order in the economic system. Smith proclaimed the principle of the "invisible hand." This principle holds that, in selfishly pursuing only his or her personal good, every individual is led, as if by an invisible hand, to achieve the best good for all. Smith saw harmony between private interest and public interest. In his view of the economic world, any government interference with free competition is almost certain to be injurious.

Smith's *doctrine of the invisible hand* explains why the outcome of a market mechanism looks so orderly. His insight about the guiding function of the market mechanism has inspired modern economists – both the admirers and the critics of capitalism. After two more centuries of

experience and thought, however, we recognize the scope and realistic limitations of this doctrine. We know that the market sometimes lets us down, that there are “market failures”, and that markets do not always lead to the most efficient outcome. Important market failures include imperfect competition and externalities like pollution. Let’s pause to discuss the crucial role played by competition in the market system.

*Perfect Competition.* Smith himself recognized that the virtues of the market mechanism are fully realized only when the checks and balances of perfect competition are present. What is meant by perfect competition? It is a technical term that refers to a market in which no firm or consumer is large enough to affect the market price. For example, the wheat market is perfectly competitive because the largest wheat farm, producing only a minuscule fraction of the world’s wheat, can have no appreciable effect upon the price of wheat.

The invisible-hand doctrine is about economies in which all the markets are perfectly competitive. In such a circumstance, markets will produce an efficient allocation of resources, so that an economy is on its production-possibility frontier. When all industries are subject to the checks and balances of perfect competition markets can produce the efficient bundle of outputs with the most efficient techniques and using the minimum amount of inputs.

On the other hand, when a telephone company or a labor union is large enough to influence the price of phone service or labor, some degree of “imperfect competition” has set in. When imperfect competition arises, society may move inside its *PPF*. This would occur, for example, if a single seller (a monopolist) raised the price of a good sky-high to earn extra profits. The output of that good would be reduced below the most efficient level, and the efficiency of the economy would thereby suffer. When sellers are few, inadequate checks may exist to ensure that prices are determined by the costs of production. And in such a situation, the invisible-hand property of markets may vanish.

In summary: Adam Smith discovered a remarkable property of a competitive market economy. Under perfect competition and with no market failures, markets will squeeze as many useful goods and services out of the available resources as is possible. But where monopolies or pollution or similar market failures become pervasive, the remarkable efficiency properties of the invisible hand may be destroyed.

An ideal, perfectly competitive economy – where resource allocation decisions are made through voluntary exchange of goods for money at market prices – squeezes the maximum quantity of useful goods and services out of a society’s available resources. But the market does not always live up to its perfect ideal. Rather, market economies suffer from monopoly and pollution, along with unemployment and inflation, and the income distribution in a pure laissez-faire society is sometimes thought inequitable.

In response to the flaws in the market mechanism, nations introduce the visible hand of government alongside the invisible hand of markets. Governments displace markets by owning and operating certain enterprises (like the military); governments regulate businesses (like telephone companies); governments spend money on space exploration and scientific research; governments tax their citizens and redistribute the proceeds to poor people; and governments use fiscal and monetary powers to promote economic growth and to tame business cycles.

### **Comprehension check**

#### **Ex. 1. Check your understanding and complete the following.**

1. The principle of the “invisible hand” holds that ... .
2. If a single seller (a monopolist) raised the price of a good sky-high, ... .
3. An ideal, perfectly competitive economy squeezes ... .
4. Market economies suffer from ... .
5. In response to the flaws in the market mechanism, ... .
6. Governments displace markets by ... .

#### **Ex. 2. Answer the following questions.**

1. What principle did Adam Smith proclaim in economics? What is the essence of this principle?
2. What is meant by perfect competition?
3. When does imperfect competition arise?
4. What would happen if a single seller (a monopolist) raised the price of a good sky-high?
5. What property of a competitive market economy did Adam Smith discover?
6. What do market economies suffer from?
7. What is the role of the visible hand of government alongside the invisible hand of markets?

## Lexical-grammar exercises

### Ex. 1. Vocabulary

1. In paragraph I which words have the same meaning as: a) money, riches, property, b) command, rule, regulation, c) to obtain, to accomplish, to succeed, d) opposite of public, e) activity in which persons compete, f) that cannot be seen.

2. Explain these words from paragraph II: a) doctrine, b) capitalism, c) limitations, d) outcome.

3. In paragraph III and IV which words have the opposite meaning to: a) flaws, b) large, important, c) inefficient, d) maximum.

4. Explain the following word combinations from paragraph V: a) sky-high, b) imperfect competition, c) the costs of production.

5. In paragraph VI which words mean the same as: a) commodities, b) contamination, c) absolute, full, faultless.

### Ex. 2. Match the words with their definitions.

1. An economic system in which most property (land and capital) is privately owned. In such an economy, private markets are the primary vehicles used to allocate resources and generate incomes. a) firm

2. The flow of wages, interest payments, dividends, and other receipts (денежных поступлений) accruing to an individual or nation during a period of time (usually a year). b) invisible hand

3. Moral excellence; goodness; a good quality. c) capitalism

4. The basic, private producing unit in a capitalist or mixed economy. It hires labor and buys other inputs in order to make and sell commodities. d) laissez-faire

5. ("Leave us alone".) The view that government should interfere as little as possible in economic activity and leave decisions to the marketplace. e) virtue

6. A concept introduced by Adam Smith in 1776 to describe the paradox of a laissez-faire market economy. f) input

7. What is put in or taken in, or operated on by any process or system. g) income

8. A result; a visible effect. h) outcome



**Ex. 3. Give English equivalents to the following economic terms:**

|                           |                  |
|---------------------------|------------------|
| свободная конкуренция     | монополии        |
| рыночный механизм         | обмен товаров    |
| совершенная конкуренция   | рыночная неудача |
| несовершенная конкуренция | потребитель      |
| невмешательство           | облагать налогом |
| затраты                   | компания         |
| предприятие               | фирма            |
| товар                     | фискальный       |

**Ex. 4. Translate the following words paying attention to the suffixes and prefixes. What part of speech do these words belong to?**

to employ – employment – unemployment; visible – invisible; to produce – product – production – productivity; injury – injurious; to compete – competitive – competitor – competition; perfect – imperfect – perfectly; equity – equitable – inequitable; to distribute – to redistribute – distribution; to place – to displace.

**Discussion**

1. Explain the advantages and the disadvantages (limitations) of Adam Smith's doctrine of the invisible hand.

2. What are in your opinion the virtues of the market mechanism realized in perfect competition?

3. How do nations cope with the flaws in the market mechanism?

4. Retell the text using the given words and word combinations:

a) the principle of the “invisible hand”; private interest and public interest; to recognize the scope and limitations of this doctrine; “market failures”; to include.

b) perfect competition; to affect the market price; competitive; on the other hand; imperfect competition; to raise the price; flaws in the market mechanism; government; maximum quantity.

**UNIT 6**

**Vocabulary**

entrepreneur – предприниматель

entrepreneurship – предпринимательство

rate of technical progress – темп технического прогресса

argue – спорить (with, against – с кем-либо, about – о чём-либо)

undertake – брать на себя  
identical – одинаковый  
fixed assets – основные фонды  
necessarily – обязательно  
enterprise investment – вложение капитала в предприятие  
introduction – введение  
labour productivity – производительность труда  
to make both ends meet – сводить концы с концами  
hesitation – колебание  
ignorance – невежество  
marginal – несущественный  
gross national product – валовой национальный продукт  
pay-cheque – чек на получение заработной платы  
to dissect – анализировать  
what makes them tick – что ими движет; чем они живут  
to start their businesses – открывать свои предприятия  
to be in the range of – быть в пределах  
service – обслуживание, сервис  
services – служба, сфера деятельности; услуги  
Civil Service – государственная (гражданская) служба

### **Entrepreneurs and entrepreneurship**

Entrepreneur is someone who starts a company, arranges business deals, and takes risks in order to make a profit. Of course, to work for someone else is less trouble. Someone creates a job for you, gets orders, collects money from the clients and takes on the responsibility for making both ends meet. At night entrepreneur figures if he has enough money to write out your pay-cheque, pay the rent for the building, buy equipment and so on. On the other hand, entrepreneurship gives you an incomparable sense of personal freedom. The quality of entrepreneurship is seen by many economists as an important explanation of differences in the rate of technical progress between countries. It has been argued that two countries undertaking similar amounts of investment leading to more or less identical rates of growth in the fixed assets will not necessarily show the same rate of technical progress. In one country entrepreneurs may be undertaking enterprise investment that has as its aim the introduction of the most advanced types of production techniques, those that will lead to a rapid growth of labour productivity. In the other, because of hesitation or

ignorance, the investment program may lead only to marginal changes in productive processes; the resulting growth in labour productivity and Gross National Product will be small.

The American magazine *Venture* attempted to dissect entrepreneurs and to see what makes them tick. They conducted a survey to which 2,740 readers responded. Here is what they had in common: (1) Typically they were firstborn children who had a positive relationship with their father. (2) They held jobs before they were 15 and started their first businesses by the time they reached 20. (3) They borrowed money to launch their enterprises and made themselves personally liable. (4) Most of them are college graduates, consider themselves demanding of others, and start work early in the day (82 percent start work before 9 a.m.). (5) Twenty percent described themselves as successful; another 53 percent claimed moderate success, 27 percent reported the expectation of success.

How old are the people who start new businesses? The majority are 30 to 34, with the biggest segment (70 percent) between 25 and 44.

| Age of Entrepreneur | %  |
|---------------------|----|
| Under 20 years      | 1  |
| 20 to 24            | 8  |
| 25-29               | 17 |
| 30-34               | 21 |
| 35-39               | 18 |
| 40-44               | 15 |
| 45-49               | 9  |
| 50-59               | 10 |
| 60 and over         | 1  |

With what do entrepreneurs start up new businesses? How much money do they invest? Most businesses require between \$20,000 and \$50,000 in cash. The vast majority of business start-ups (87 percent) are in the range of a few thousand dollars to \$100,000.

| Start-Up Capital    | %  |
|---------------------|----|
| Under \$5,000       | 17 |
| \$5,000-\$10,000    | 14 |
| \$10,000-\$20,000   | 16 |
| \$20,000-\$50,000   | 25 |
| \$50,000-\$100,000  | 15 |
| \$100,000-\$250,000 | 8  |
| \$250,000-\$500,000 | 2  |
| Over \$500,000      | 1  |

Which businesses are the most popular? There is no doubt that retailing is number one. Nearly half of all new business start-ups are retail shops. Here is the line-up:

| Type of Business | %  |
|------------------|----|
| Retailing        | 46 |
| Service          | 10 |
| Services         | 8  |
| Construction     | 8  |
| Manufacturing    | 5  |
| Finance          | 5  |
| Professional     | 4  |
| Wholesale        | 2  |
| Transportation   | 2  |
| Agriculture      | 1  |

### Comprehension check

#### Ex. 1. Agree or disagree with the following statements.

1) Entrepreneur sets up a company. 2) Entrepreneur makes business deals. 3) Entrepreneur risks his neck in order to make a profit. 4) Entrepreneur introduces new types of legal techniques. 5) Entrepreneur leads his company to a slow growth of labour productivity. 6) Entrepreneur must not be doubtful or ignorant. 7) Investment is the money that people or organizations have put into a company, business, or bank in order to get a profit, or to make a business activity successful. 8) Labour productivity is the rate at which goods are produced, with the work, time, and money needed to produce them. 9) The GNP is the total value of all goods and services produced in a country, including income from abroad.

#### Ex. 2. Complete the following statements.

1) Entrepreneur starts ... . 2) Entrepreneur arranges ... . 3) Entrepreneur takes risks ... . 4) Entrepreneur creates ... . 5) Entrepreneur gets ... . 6) Entrepreneur collects ... . 7) Entrepreneur takes on ... . 8) Entrepreneur writes out ... . 9) Entrepreneur pays ... . 10) Entrepreneur buys ... . 11) Entrepreneur gives ... .

#### Ex. 3. Answer the following questions.

1. What is meant by the term "entrepreneur"?
2. What can entrepreneurship give you?
3. How is the quality of entrepreneurship seen by many economists?
4. Will two countries undertaking similar amounts of investment show the same rate of technical progress?

5. In what country will a rapid growth of labour productivity take place?
6. When will the resulting growth in labour productivity and Gross National Product be small?
7. Which businesses are the most popular in America?

### **Lexical-grammar exercises**

**Ex. 1. Translate the following word combinations from English into Russian:** *business deals; to write out your pay-cheque; explanation of differences; more or less identical rates of growth; fixed assets; production techniques; productive processes; Gross National Product; survey; to launch their enterprises; to start their businesses; wholesale.*

**Ex. 2. Translate the following sentences from English into Russian.**

- 1) Предпринимательство – это форма деятельности в сфере производства товаров и предоставления услуг с целью получения прибыли.
- 2) Предприниматель – это человек, занимающийся любым видом экономической деятельности, приносящей прибыль.
- 3) Предприниматель рискует, чтобы получить прибыль.
- 4) Предприниматель применяет новые технологии производства.
- 5) Рост компании зависит от деловой активности предпринимателя.
- 6) Трудно ли быть предпринимателем?

**Ex. 3. Odd word out (Economy).**

- a) productivity b) exchange c) interest d) invocation e) market
- a) abominable b) profitable c) credit d) economic e) company
- a) balance b) relish c) goods d) cheque e) employment
- a) endurance b) solvency c) dividend d) payment e) stock
- a) enterprise b) private property c) demand d) narration e) taxpayer

**Ex. 4. Use words from the text to complete these sentences.**

1. Entrepreneur is someone who starts a company and takes risks in order to ... .
2. ... gives you an incomparable sense of personal freedom.
3. Because of hesitation or ignorance, the investment program may lead to, ... changes in productive processes.
4. The value, at current market prices, of all final goods and services produced during a year by a nation, is called its ... .
5. ... increases because of improved technology and improvements in labour skills.
6. ... is the most popular business.

**Ex. 5. Put the verbs in brackets into the correct passive form. Use the verb *to be* (in the necessary tense) + Participle II.**

One day I (tell) the following story. An American in London went sightseeing. He (take) round the city by a guide and (show) many interesting buildings. "How long did it take to build this house?" he asked the guide when they were passing a hotel. "About six months", said the guide. "Six months!" cried the American. "A building like that can (build) in a month in America". Then he (show) a new building. "And how long did it take to build that?" he asked. "This building (build) in a month", said the guide. "A month!" exclaimed the American. "In America a place like that can (build) in two days". Some minutes later they came to the Houses of Parliament. "That's not a bad-looking place. When will it (build)?" asked the American. "You may not believe me", said the guide smiling, "but that building was not there when I crossed the bridge last night!"

**Ex. 6. Insert prepositions where necessary.**

Privatization refers ... a situation ... which a state-owned enterprise is transferred ... private ownership. There are many examples to draw upon – ... the 1980s ... particular. This was a period ... which Margaret Thatcher's government privatized ... many nationalized industries, such as gas, electricity, water supply and telecommunications. ... the beginning ... the twenty-first century, there are few enterprises left ... state hands.

### **Discussion**

1. Do you belong to the people who are comfortable with a nine-to-five existence? Are there many people of this type among your friends, relatives, colleagues?

2. "Calculated risk" – what is it?

3. Give your variant of an entrepreneur profile (набросок, очерк): (age, traits of character, business, backgrounds, etc).

4. Discuss in groups of three whether you would like to become an entrepreneur and start a new business. Which businesses are popular in our republic? Will you have to borrow money to launch your enterprise? Are you going to organise the work alone or with several friends?

## UNIT 7

### Vocabulary

promote – содействовать распространению  
commence – начинать(ся)  
evaporate – исчезать  
chagrin – досада  
brewery – пивоваренный завод  
devastating – огромный  
mantle – калильная сетка для газового фонаря

### International Marketing

Having made a product the problem becomes to find someone who will buy it. It is the responsibility of the marketing department to promote and organise the sale of products to the purchaser. Broadly speaking, activities such as sales promotion, advertising and market research are covered. It would be possible for the factory simply to produce a motor car and then hope that it sells. However, it takes a long time to set up a production line for a car assembly plant and even minor modifications can prove difficult and expensive. It is much better to discover what people are looking for when they buy a car and then try to satisfy their needs. Do car drivers want speed – or safety? Are they looking for the power to accelerate – or comfort? Is their aim to impress their neighbours and other road users, or are they just concerned with getting from A to B and back? How important is the price, and the cost of petrol and maintenance? Which designs and colours are preferred? Who is buying the car? Is it a company or an individual? It is questions like these the marketing department will have to answer even before production commences.

It becomes obvious that making and selling are two facets of the same undertaking. The marketing manager and the production manager are two members of the same team, depending on each other in much the same way as the players in the Liverpool football team. What good does it do if our strikers are scoring goals but our goalkeeper keeps having to pick the ball out of the back of the net? This situation could be compared to the marketing team who make great efforts to find customers for their cars, only to find the cars cannot be delivered on time, or that the cars develop faults as soon as they arrive.

The problem facing any business is that the market for goods – and services — is ever changing. Take the case of a company manufacturing cigarettes. Not so long ago the market for cigarettes was assured. Then the medical researchers discovered the link between cigarette smoking and lung cancer and many other diseases. Prospects for further growth evaporated as many people decided both to save money and live longer to spend it. The government joined in by restricting advertising and sponsoring their own anti-smoking campaign. The government is also understandably involved in campaigns to discourage drinking and driving, much to the chagrin of the breweries whose sales of wines and spirits are thereby reduced.

New technologies have an even more devastating effect on the markets. Once upon a time there was a very successful company which made gas mantles. The whole country was lit by gas. Then came electric light. The sales of gas mantles plummeted. Today we look to oil for our energy. Our oil companies prosper, but for how long? The day before yesterday we used typewriters. Yesterday we used electric typewriters. Today we use word processors. And tomorrow?

The rapidly changing world is both a headache and an exciting challenge to those engaged in marketing. If they predict correctly their business will survive and prosper. If they misread the signs the business will fail and, perhaps more importantly for all of us, valuable economic resources will be wasted.

### Lexical-grammar exercises

**Ex. 1. Give sentences with the following phrases:** *to promote the sale of products; a car assembly plant; to satisfy smb's needs; to save money; to discourage drinking; gas mantles; the rapidly changing world.*

**Ex. 2. Answer the questions in your own words:**

1. What is the purpose of the marketing department?
2. Why do the marketing and production departments need to cooperate?
3. What do businesspeople and footballers have in common?
4. Why is the design of a product so important?
5. What does a business need to do to survive and prosper?
6. In what way can a government help or hinder a business?

**Ex. 3. Join the halves.** On the left of the page are the first halves of the sentences. On the right are the second halves of the sentences, though not in the same order. Pair the halves and then write your own list of the completed sentences.

- 1) The salespeople in a firm      a) could be expected not to



which manufactures pushchairs and prams

2) Insurance companies offering cover against motor accidents

3) The Traffic Manager for a company operating a cross-channel ferry

4) The sales Manager of a firm making hearing aids

5) Oil company executives

6) A publisher specialising in text books for schools

7) The Chief Buyer in a large city department store

8) The line workers in a factory producing cigarettes

9) The Marketing Manager of a travel agency specialising in holidays in France

10) A firm of London builders and repairers

11) A young man who had just finished training to be a coal-miner

12) The high street banks

welcome the news that a substantial increase in the petrol tax was contemplated by the government.

b) would be encouraged by the news that the death rate was falling.

c) will not be pleased to hear that the Meteorological Office is predicting a severe winter.

d) should approve of a long-term rise in oil prices.

e) would benefit from a rise in property prices.

f) would be pleased to hear of a reduction in air fares.

g) would be grateful to learn that the school-leaving age is going to be raised.

h) would expect to be very busy after a serious gale had swept over the city.

i) would be disappointed to learn that a new airport was going to be developed for London.

j) would be dismayed to read in the newspaper that the government was planning to prohibit the sale of all products harmful to health.

k) would react favourably to the news that improvements were planned for the London Underground.

l) would expect to earn more after the birth rate has risen.

**Ex. 5. Vocabulary. Match the words listed below with the dictionary definitions which follow.**

|                 |             |              |                     |
|-----------------|-------------|--------------|---------------------|
| sample          | copyright   | modification | quotation           |
| exhibition      | enquiry     | distributor  | market              |
| diversification | order       | motivation   | mark-up             |
| consumer        | invoice     | image        | gimmick             |
| publicity       | contract    | discount     | turnover            |
| persuade        | salesperson | franchise    | segmentation survey |

1. To convince or induce someone to make a purchase.
2. A change in the product to make it more acceptable to the customers.
3. A widening of the product range or the entering of new markets.
4. A reduction in the quoted or list price of a product, usually in the form of a percentage.
5. Sole legal right to produce, or reproduce, a piece of work or any substantial part thereof.
6. Another name for the total sales figure for a business, over a period of time.
7. Someone whose job is to persuade customers to buy a certain product or service.
8. The securing of public attention so that a favourable impression will be created.
9. The breakdown of a market into separate and identifiable elements.
10. A request for information about a product or service prior to the placing of an order.
11. The mental picture of an organisation formed in the public's mind.
12. The ultimate user of a product.
13. The psychological stimulus behind the actions of an individual or a group.
14. A study aimed at unearthing useful information.
15. A display of products or services to stimulate public interest.
16. A firm which deals in the goods of a specified manufacturer.
17. A representative part of the whole.
18. A trading agreement whereby a manufacturer supplies and supports a retailer who sells the manufacturer's products exclusively.
19. A legally binding document in which a seller and a buyer agree to specified transactions.
20. An idea or object which is novel or unusual and has the purpose of attracting public attention.
21. A request from a customer to receive goods or services.
22. The document which lists the charges being set against the buyer and being entered on his account.
23. The amount added to a purchase price to provide a selling price.
24. A place where buyers and sellers gather together to do business.
25. A statement of the price at which a firm is prepared to supply goods or services.

**Ex. 6. Discussion.** «We all benefit (or suffer) from the activities of business firms». Write a plan of your answer. Discuss the statement with other students.

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